

## Part 1: "Elevator" Introduction

**Elevator pitch:** gLOVE Treat is a revolutionary medical device containing a medical grade paraffin wax treatment blend that antiquates paraffin wax baths, and eliminates contamination concerns. Paraffin wax is used to treat arthritis joint pain, muscle aches, scarring, and other skin and pain issues with moist heat that aids in circulation and relieves stiffness. The archaic paraffin pot is extremely time consuming, 2-hours to melt, and potentially unsanitary. gLOVE Treat delivers a paraffin formula in a sealed self-contained, single patient use glove and boot system that heats in a microwave in two minutes. Our patented system includes a thermo indicator to make the product safe for professional and consumer use. **Paraffin Intl. has essentially completed USA reshoring to ensure, FDA, QA, and manufacturing quality and is medically compliant and can be used with CPT Code 97018 as a virtually ready-to-use paraffin treatment. gLOVE Treat can now be used for several clinical applications and pure beauty enhancements without concern of sourcing locations.**

## Part 2: Market and Industry Analysis

**Market and market size:** Target markets are **1.) Healthcare** – a.) Cases of rheumatoid arthritis of the hands and feet in the United States total 3 million patients a year, making it a potential market of \$600MM a year. This is based on these patients using the product on a regular basis. b.) There are 14K Podiatrists in the US, looking for additional products to add into their treatment array. The estimated size of this paraffin market is \$100MM using a 4% adoption rate, based on 60 million people visiting a podiatrist and the 2<sup>nd</sup> common reason for visits is dry cracked heels. c.) Hospital and clinic CPT code market is approximately \$200MM. d.) Industrial hand and foot injuries and surgeries are an estimated \$50MM. e.) Medical, ethical massage market total 260MM massages. Of those medical & ethical massages, 5% will add on paraffin service (number based on industry experts) with 20% buying product for at home use, making the market approx. \$230MM. **2.) Beauty and Spa** There are 82,000 salons and spas in the United States and 72% treat with paraffin wax. **ENGAGEMENT:** We see the beauty retail market as a huge opportunity based on our recent conversations with leaders in the market who are interested in our product. We have created a retail package and received our first \$100K order to such an industry leader retailer. **3.) World export** - We are receiving requests for our product around the world, including Japan, Europe, Asia and Canada. The market size is at least double the United States.

**Market growing:** The market is growing at a rate of 3.2% per year through 2020 which is in line with the expected annual growth rate of the 65+ age group in the United States. An increase is expected in annual growth through years of 2020-2025 based on the 75M Baby Boomer Generation entering the 65+ age group at this time. **Competition – direction, indirect, substitutes?** **1.) Healthcare** – The traditional wax baths is our direct competitor. There are several indirect competitors which administering heat therapy including infrared heat, hot packs, and hydrotherapy. **2.) Beauty and Spa** Perfect Sense, which is also a self-contained baggie system that heats paraffin wax in 15 minutes, requiring an expensive, steam proprietary heating system (cost is \$200+). Any paraffin pot system is also a direct competitor. An indirect competitor is cold lotion glove and boot systems that compete for moisturizing skin. There are 2 companies currently infringing on our patent through our China manufacturer. (Note: We are working with legal team on next steps.) Our move to the US will produce a superior product, with a strong QA system, and protected IP through our AZ manufacturers. **Differentiation is the single contained unit for both hands and feet providing sanitary treatment, thermo-Chromatic heat measure to ensure safety, and coconut oil for moisturizing.**

## Part 3: Go-to-Market Plan

**Customers today. Future customer acquisition strategy:** Our current customers have been acquired through medical, beauty, and gift tradeshow. We are have a signed contract and are represented by, Ready Care Industries, the largest resort beauty, and spa distributor. We are currently engaged with the 3 of the largest healthcare distributors in the US. Our CEO and Executive team have long standing relationships in the Medical Market with industry leaders and decision makers. Contracts will be signed with specific medical distributors that have already been identified in early 2017 to move the product out into the healthcare market. Interest has been expressed and these products could be white labeled for these large distributors.

**Displace incumbents – Differentiator - Channel/partnership strategy New Customers:** We win new customers by offering them a luxurious paraffin wax treatment experience without the hassle and mess of traditional paraffin wax pots. We also eliminate the risk of infection transmission and cross-contamination related to multiple users of paraffin pots. Paraffin's patented product, gLOVE Treat®, is a self-contained glove and boot system containing paraffin wax and coconut oil with a 2-minute melt time in a microwave that revolutionizes the way paraffin wax treatments are administered. Traditional paraffin wax treatments require at least 2 hours to melt the paraffin wax. We will continue to win new customers by introducing product enhancements to the existing product as well as innovative new products that can be used to treat other body parts. As mentioned above, we are building great partnerships with leading distributors and industry heads. We have already taken several orders for our product from such well known customers as Aria, Caesar's Palace and Four Seasons Spas. In the beauty salon market, we have identified three high-potential distributors including The Kirschner Group, Spilo Worldwide, and Luxury Brand Partners. In the OT/PT market we will be partnering with VGM, PSS or Medline, and Patterson. Paraffin will enter the first Trade Shows for PT/OT at the national meetings in February and March. We have received significant input on the need for USA manufacturing to control quality. Since we have re-shored our manufacturing, we expect that we will have many more open options for distribution shipping USA produced products starting in February 2017.

#### Part 4: Technical Product Description and Plan

##### **Briefly describe your product or service.**

Our product, gLOVE Treat, is a disposable, one-size-fits-all, self-contained, portable glove and boot system that dramatically changes the application of paraffin wax with its ability to heat quickly and taking away the need for a paraffin wax pot. It contains a non-woven liner, refined paraffin wax and other proprietary ingredients in a self-contained polypropylene encaser and liner that heats in a microwave in 2 minutes, unlike traditional paraffin wax pots which take 2-3 hours. It also features a thermochromics indicator that lets the user know when the product is at a safe temperature to use. It is the first portable paraffin treatment that is convenient enough to toss in a travel bag and treat yourself on the road.

**Technology Validation:** Since 2015, we have sold over 25K units of gLOVE Treat to spas, salons & retail customers with repeat sales. We have been validated by Oprah's prestigious "O List", January 2016 O Magazine "All about Wellness". We have been written up in 2016 by InStyle Magazine and Family Circle Magazine praising our product for its soothing and moisturizing capabilities. Arthritis Today Magazine (A 4M+ Subscriber Magazine) validated gLOVE Treat by placing our product in November/ December 2016 issue "holiday gift of choice for those suffering with Arthritis." Paraffin Intl. attended the national massage therapy association meeting in December, and Paraffin was the busiest booth at the show with interest from two of the largest medical distributors asking to meet. The product has also been validated at The Orthopedic Clinic Association (TOCA) here in Phoenix & after testing, they have begun purchasing the product for use in their clinics. We also began a test validation with 7 prestigious valley OT/PT clinicians with rave reviews on the product & such enthusiasm that they gave suggestions for addition glove needs to add to our current line, when we roll out new items.

**Product development risk:** In terms of remaining product development risks, we need to improve the circumference of the finger wells of the glove product to accommodate larger hands and we need to reduce the size of the gLOVE Treat boots to provide a better feel for people with medium sized feet. These two changes have already been committed to CAD drawings and will be implemented immediately upon receipt of additional funding. **Product advantages:** gLOVE Treat is uniquely different because it heats in 2 minutes in a microwave. It eliminates the mess and risk of contamination of paraffin wax pots, reduces operating costs, improves the customer experience, and lowers the risk of infection for the user. Another unique feature of gLOVE Treat is the high concentration of cosmetic grade coconut oil, and is well known for its antioxidant properties.

**Intellectual property status and plans:** We have an issued utility patent (8,613,732) for gLOVE Treat and are working to broaden our current claims by the end of 2015. We have also filed a PCT for gLOVE Treat. The gLOVE Treat product brand name and logo, including the shape of the thermochromics indicator, are trademarked. The Provisional is pending.

**Non-IP barriers to entry for your market:** We have patent protection, but the medical community wanted a US made product. Our US produced product will roll out in February 2017.

#### Part 5: Risk vs. Talent Narrative

**Team Risks:** Our biggest risk reduction is USA manufacturing for QA, Regulatory, and Patent integrity. We anticipate keeping a strong eye on cash flow in 2017 will be important as we scale our business.

**Team members:** Deanna Montrose, Paraffin's Founder and Chairman of the Board is a tenaciously creative talent, who has previously built and sold successful beauty salons and health spas in Maricopa County. She has over 30 years experience in the beauty industry and has sat on governing boards. Gary Lauterbach serves Paraffin as the CEO, and has been involved with numerous early stage companies. Mr. Lauterbach will provide leadership and develop in the medical market with his long standing relationship with the key distributors and buying groups in the healthcare markets.

**Leadership holes, recruiting needs:** In the next 18 months Paraffin, will be selling multi-nationally. Due to the expansion of sales we will need a sales manager, CFO, and Operations Manager. We anticipate needing an international consultant for various countries. We will be building systems and adding consultant help as needed to address other needs such as Quality Control, Regulatory, Fulfillment, etc.

##### **Key advisors:**

Our key advisors include: Wes Montrose, an attorney taking on Expotech to develop world markets, and advises on legal items as needed. Wayne Schreck, a highly experienced financial management executive, and consults nationally on insurance issues. Dr. Mitzi Krockover, who has a diverse background in patient care, corporate healthcare management and academia. Investor Jacque Sokolov has expertise in Hospital and Medical Channels and is Chairman of Phoenix Children's Hospital and is has been a board member of the Humana Corporation. Ms. Michelle Lott is providing Quality and Regulatory review for the company, and is well known in Arizona. We are clients of the Center for Entrepreneurial Innovations and have access to subject matter experts as we need them.